# *Pittsburgh CPAC Newsletter*

***October 2001***

## *What's Hot!!!!!!*

### *Federal Employees Health Benefits Program*

**Increase Cost of Health Benefits** Joyce Voynick

As reported in the 24 Sep 01 edition of Federal News OnLine, OPM has reported that Federal Employees Health Benefits premiums will increase an average of approximately 13% in 2002, with HMO rates increasing an average of 14%. It is reported that the rate increase is to cover the cost of increased use of prescription drugs and medical services, advances in medical technology and an aging population of covered employees.

One significant change is in the Blue Cross and Blue Shield plan, which is combining its high option and standard option, and will provide a new basic option to choose. The rates for all plans for 2002 can be found at OPM's web site - http://www.opm.gov/insure/health/02rates/index.htm. The open season for health benefits for 2002 is between 12 November 01 and 10 December 01.

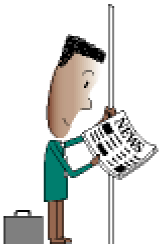
**FEHB Plans Continue to Drop Out and Big Changes Are Scheduled for Blue Cross**

BlueCross
BlueShield
Association

Swan Wilkerson

The dropout of health maintenance organization plans will continue in 2002. Twenty-eight HMOs, are dropping out of the plan in 2002, following the loss of some 140 plans in the three prior years. Aetna and Prudential are ending coverage in certain areas. Together, those changes will affect some 135,000 enrollees. Officials attributed the dropouts to mergers and acquisitions in the health industry, along with the failure of some plans to attract enough enrollees to make it worth their while to participate in the FEHB. Five HMOs are joining the program for 2002.

Blue Cross/Blue Shield, the dominant FEHB plan with two million enrollees, in 2002 will carry out several significant changes that had been in the consideration for several months. The Blues are merging their current high option into their standard option plan; the 98,000 high option enrollees will be transferred automatically to the standard option unless they choose other coverage. Meanwhile, the Blues are creating a new “basic option”—a lower cost offering that restricts benefits almost entirely to preferred network providers. The standard option self-only premiums will increase by $6.86 per biweekly pay period to $41.12, while standard family premiums will increase from $13.92 to $94.83 biweekly. The rates for the new basic option will be $31.60 for self-only and $75.74 for family coverage biweekly. The Blues are dropping a “point of service” test program that had been in effect in 10 localities, affecting about 390,000 enrollees. Since the pilot project was a feature of the standard option, those enrollees will remain in the standard option unless they change coverage.



## Current Information

**TSP Modifies Financial Hardship Withdrawal Rules** Debbie Misajon

The Federal Retirement Thrift Investment Board scrapped the provision that allowed financially strapped employees withdrawing funds from their TSP accounts to transfer the funds into individual retirement accounts or other eligible retirement plans because of new IRS regulations.

According to the IRS rule, money received from withdrawals for financial hardship can no longer be rolled over into other retirement vehicles. The TSP allows employees who face "extraordinary expenses" due to hardship to apply for a withdrawal of at least $1000 from their TSP accounts. The types of expenses that meet the definition of "extraordinary expenses" include individual or family medical costs; home improvements to accommodate an injury or illness; costs associated with property loss due to a natural disaster or unusual event, such as theft; and legal expenses associated with divorce or separation. Employees cannot withdraw funds to pay alimony or child support. More information is available at http://www.tsp.gov/curinfo/plannews.html

## Information on Federal Pay and Leave

**Military Leave** Christine Fleming

In light of the recent terrorist attacks and the fact that we have a number of employees who are members of the Military Reserves and National Guard, it's a good time to provide some old and new information regarding military leave.

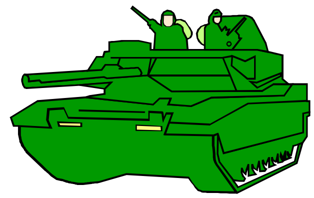
Any employee whose appointment is not limited to one year or less is entitled to military leave. This leave can be used for active duty, active duty training and now, thanks to the National Defense Authorization Act for Fiscal Year 2000, inactive duty training. Under 5 USC 6323(a), full time employees in the National Guard or Reserves may accrue 15 days of military leave each fiscal year. The number of days is prorated for employees on a part time tour of duty. Unused military leave may be carried over to the next fiscal year, but not more than 15 days. Under this authority, an employee’s civilian pay remains the same for periods of military leave.

There is also a provision in the law, 5 USC 6323(b), that provides 22 additional workdays per calendar year for emergency duty as ordered by the President or State Governor. Under this authority, an employee’s civilian pay is reduced by the amount of military pay for the days of military leave. However, an employee may choose not to take military leave and instead take annual leave in order to retain both civilian and military pay.

Public Law 105-554, enacted on December 21, 2000, changed the way military leave has been charged in the past. Previously, military leave was charged in entire day increments. Effective with the pay period beginning December 31, 2000, military leave is now charged in 1-hour increments. Employees should only be charged military leave for the number of hours the employee would have worked.

Employees requesting military leave for active duty or active duty training should provide a copy of their orders to their supervisor at the time the leave is requested. Upon completion of active duty and return to work, the supervisor should be provided with another copy of the orders, or form DD214 with dates, times, and signatures verifying that the period of active duty was actually performed. However, since orders are not generally provided for inactive duty training, reservists should receive form DD Form 1380, which certifies that the inactive duty training was actually performed. This form should then be provided to the supervisor.

More information regarding military leave can be obtained by visiting the website www.opm.gov.



**MILITARY BUY BACK** **Debra J. Jefferson**

If you were first hired in Federal civilian employment, covered by a retirement system prior to 1 October 1982, you have the option of making the military service deposit and buying your military time under the **Civil Service Retirement System** for retirement purposes. Your military service time will be used both toward eligibility to retire and dollar amount of your annuity whether or not you make the military service deposit. However, if you DO NOT make the military service deposit while employed, and at age 62 you are insured for Social Security benefits, the military service time by law will be taken away from your civil service benefit computation. If, on the other hand, you make the deposit, you will be allowed credit for the military service time both for Social Security and Federal retirement benefits.

If you were first hired in Federal civilian employment covered by a retirement system on or after 1 October 1982 you MUST make the military service deposit before you can use your military service time for retirement purposes. If the deposit is not made NO credit for retirement purposes will be granted toward eligibility or dollar amount of the annuity regardless of eligibility for Social Security benefits.

If you are military retired and you are NOT going to waive your military retired pay, you do not need to make the military service deposit. However, if you think that you might waive your military retired pay, it is important to make the military service deposit.

**Check Your LES!** **Christine Fleming**

It is surprising how many employees do not review their Leave and Earnings Statement (LES) each pay period. It's in your best interest to check your leave balances, credit hours, comp time, and overtime to ensure your time was posted correctly each pay period. It's important to monitor the Use-Lose annual leave balances so you are able to schedule the time off before losing hours of leave that you have earned. Also, your TSP loan deductions and contributions are listed. They should be monitored periodically to ensure accuracy. Since you may change your tax deductions as often as you like, you should make sure the LES correctly reflects your most recent election.

You should also pay attention to your salary listed in block 7 of the LES. Many factors in the personnel and payroll automated systems can affect your salary, both correctly and incorrectly. If you catch an error early, it will prevent you from being under or overpaid for a lengthy period of time. Your Fair Labor Standards Act (FLSA) code is in block 10 and is important when calculating overtime pay. You might see an “E” for Exempt or an “N” for Nonexempt. If you’re not sure what your code should be, you can ask your supervisor or CPAC.

When changes have been made to your payroll information during a pay period, you will find remarks listed at the bottom of the LES. If you find any items listed incorrectly on your LES or have a question about a particular item, deduction or balance, please contact your servicing personnel specialist or the Customer Service Representative in Resource Management.

**Worldwide Assurance for Employees of Public Agencies Inc.**

**Swan Wilkerson**

WAEPA (Worldwide Assurance for Employees of Public Agencies Inc.), a non-profit association serving the group term life insurance needs of the federal community, has just announced a 25% return of premium to all eligible members. Since 1996 WAEPA members have received over TEN MILLION DOLLARS in refunds of their life insurance premiums. While refunds cannot be guaranteed every year, WAEPA continues to offer more coverage options than the FEGLI program at significantly lower premium rates.

For example, consider the average federal employee - just over age 45 and earning approximately $48,000 per year. The maximum coverage available through FEGLI would equal $300,000:

Basic Coverage: $50,000
Option A Coverage: $10,000
Option B Coverage: $240,000 (5 times earnings)

Total: $300,000

The annual FEGLI premium would be $848.90

The same amount of coverage through WAEPA would cost $480.00 per year - an annual savings of $368.90! Plus as a member covered by WAEPA life insurance, you would be eligible to
participate in any future premium refunds.

Similar savings are available through WAEPA at other ages and levels of coverage. WAEPA offers civilian federal and U.S. Postal Service employees coverage from $25,000 up to $500,000. WAEPA's offers dependent coverage for spouses of WAEPA members from $10,000 up to $250,000 (the maximum spousal coverage under FEGLI is $25,000).

All civilian federal and U.S. Postal Service employees who possess United States Citizenship and are less than age 60 are eligible to apply for WAEPA's group term life insurance program. Visit the WAEPA web-site: http://www.waepa.org where you can use the online premium calculator, request additional information, or even download a life insurance application, http://www.waepa.org/life/index.html.

Go to http://www.waepa.org/groupterm/personalquote.html to Use the Online Premium Calculator!

WAEPA's program was recently expanded to allow member's spouses and non-dependent adult children, even though they are not federal employees, to apply for their own WAEPA coverage. Civilian federal and U. S. Postal Service employees can become WAEPA members by paying a one-time $2.00 membership fee (no insurance purchase is required!) which will enable their spouse and non-dependent adult children to apply for their own WAEPA coverage from $25,000 up to $500,000.